## Message Text

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**ACTION EUR-12** 

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 IO-13 DODE-00

PM-04 H-02 L-03 NSC-05 PA-01 PRS-01 SS-15 SAJ-01

OES-06 NASA-01 /111 W

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R 162006Z NOV 76

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 1072

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

USMISSION USBERLIN UNN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

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AMEMBASSY PRAGUE

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AMEMBASSY WARSAW

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E.O. 11652: N/A

TAGS: ETRD, ECIN, COMECON, UR, PL

SUBJECT: ECONOMIC TOPICS: SOVIET-POLISH JOINT COMMUNIQUE

SUMMARY. BEGIN UNCLASSIFIED. SIGNIFICANT PORTION OF SOVIET-POLISH JOINT COMMUNIQUE PUBLISHED IN CENTRAL PRESS NOVEMBER 16 FOLLOWING GIEREK'S VISIT WAS DEVOTED TO ECONOMIC SUBJECTS. ALTHOUGH NO NEW GROUND WAS BROKEN, TONE OF COMMUNIQUE CONVEYS IMPRESSION OF COMMON DESIRE TO STRENGTHEN MUTUAL ECONOMIC RELATIONS. MUCH ATTENTION IS GIVEN TO FURTHER INTEGRATION OF THE TWO ECONOMIES; HOWEVER, NO SPECIFIC INFORMATION IS PROVIDED ON POSSIBLE NEW INITIATIVES IN THIS AREA. END SUMMARY.

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- 1. ACCORDING TO COMMUNIQUE, BOTH SIDES EXPRESSED THEIR SATIS-FACTION WITH THE ACHIEVEMENTS IN THE DEVELOPMENT OF MUTUAL ECONOMIC TIES. REFERRING TO CEMA COMPLEX PROGRAM, BOTH LEADERS EXPRESS THE INTENTION TO CONTINUE BROADENING THEIR ECONOMIC TIES. DURING PRESENT FIVE-YEAR PLAN TRADE TURNOVER IS TO INCREASE BY 70 PERCENT (THIS INCREASE IS CONSIDERABLY ABOVE THE PLANNED INCREASE IN SOVIET TRADE WITH "SOCIALIST" COUNTRIES OF 41 PERCENT). SPECIAL EMPHASIS IS LAID ON SOVIET-POLISH COOPERATION IN MACHINE TOOL CONSTRUCTION TO SATISFY DEMAND FOR MODERN HIGH-PRODUCTIVITY MACHINERY AND EQUIPMENT. ALSO EMPHASIZED IS THE LONG-TERM SUPPLY TO POLAND FROM THE USSR OF FUELS AND RAW MATERIALS, INCLUDING THOSE RESULTING FROM INTEGRATION PROJECTS. EXAMPLES GIVEN ARE THE KATOWICE METAL-LURGICAL COMBINE, THE BROAD-GUAGE RAIL LINE TO IT, AND "A SERIES OF KEY PROJECTS IN THE ENERGY, CHEMICAL AND OIL REFINING INDUSTRIES." POLISH EXPORTS MENTIONED ARE SHIPS, ROAD CON-STRUCTION MACHINERY, EQUIPMENT FOR THE CHEMICAL AND OTHER BRANCHES OF INDUSTRY AND COAL.
- 2. COMMUNIQUE ALSO PLAY UP MUTUAL CONVICTION OF THE IMPORTANCE OF COORDINATION OF NATIONAL PLANS IN ECONOMIC COOPERATION. BOTH COUNTRIES WILL CONTINUE TO USE MUTUALLY BENEFICIAL FORMS OF UNIFICATION OF "FORCES AND MEANS, IN PARTICULAR IN THE CONSTRUCTION AND RECONSTRUCTION OF INDUSTRIAL PROJECTS," AND WILL DEVELOP DIRECT COOPERATION BETWEEN INDUSTRIAL MINISTRIES, DEPARTMENTS AND OTHER ORGANIZATIONS AND WILL BROADEN TIES IN THE BORDER AREAS. BOTH SIDES FURTHER PLEDGE THEIR SUPPORT TO CEMA EFFORTS IN THE AREAS OF FUEL, RAW MATERIALS, SPECIALIZATION AND COOPERATION IN MACHINERY CONSTRUCTION, AGRICULTURE AND FOOD INDUSTRY, CONSUMER INDUSTRIES AND TRANSPORT.
- 3. COOPERATION IN SCIENCE AND TECHNOLOGY ALSO CAME IN FOR ITS SHARE OF ATTENTION, WITH A SPECIAL MENTION TO "INTERCOSMOS" AND PLANS FOR JOINT FLIGHTS OF COSMONAUTS FROM COUNTRIES OF THE SOCIALIST COMMONEWELTH. SECTION ON ECONOMIC AND SCIENTIFIC-TECHNOLOGICAL COOPERATION ENDS WITH PARAGRAPH STATING THAT THE SOVIET-POLISH INTER-GOVERNENTAL COMMISSION ON ECONOMIC AND SCIENTIFIC-TECHNOLOGICAL COOPERATION HAS BEEN INSTRUCTED "TO CONTINUE TO COME UP WITH CONCRETE MEASURES TO LIMITED OFFICIAL USE

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ENSURE FULL UTILIZATION OF ALL POSSIBILITIES FOR ECONOMIC INTEGRATION OF THE USSR AND PPR." END UNCLASSIFIED.

4. BEGIN LIMITED LIMITED OFFICIAL USE. COMMENT: WHOLE TONE OF THIS SECTION OF COMMUNIQUE CONVEYS IMPRESSION THAT IN THE FUTURE THERE WILL BE AN EVEN GREATER INCREASE IN THE NUMBER OF "INTEGRATION" PROJECTS AND THAT A REAL EFFORT IS BEING MADE TO PLACE ECONOMIC RELATIONS ON A LONG-TERM BASIS,

WHICH IS A THEORETICAL ADVANTAGE OF CENTRAL PLANNING, BUT WHICH HAS NOT ALWAYS BEEN THE CASE IN THE PAST. OBVIOUS NEED OF SOVIET UNION'S JUNIOR PARTNERS FOR LONG-TERM SUPPLIES OF RAW MATERIALS FROM THE SOVIET UNION GIVES THE SOVIETS LEVERAGE TO PUSH IN THIS DIRECTION, INCLUDING INVESTMENT IN THE DEVELOPMENT OF SOVIET RAW-MATERIAL RESOURCES. THE CURRENT ECONOMIC PROBLEMS AND NEED FOR SOVIET ASSISTANCE ON THE PART OF POLAND RENDER THE POLES SUSCEPTIBLE TO SOVIET PRODDINGS. THE OUESTION REMAINS AS TO WHAT EXTENT THE WISHES AND INTEN-TIONS EXPRESSED IN THE COMMUNIQUE WILL BE REALIZED IN PRACTICE. IT STRIKES US AS SIGNIFICANT THAT MANY OF THE CONCRETE EXAMPLES OF INTEGRATION PROJECTS GIVEN ARE IN THE AREA OF RAW OF PROCESSED MATERIALS MOVING FROM THE USSR WESTWARD, WHERE AGREEMENT, DESPITE HARD BARGAINING ON THE SPECIFIC TERMS, IS EASIER TO REACH THAN IN AREAS OF HIGH TECHNOLOGY, WHERE THE SOVIETS WOULD ALSO LIKE TO SEE GREATER INTEGRATION, BUT WHERE THERE EXISTS THE GREAT ATTRACTION OF THE WEST AS AN ALTERNATIVE PARTNER FOR BOTH PARTIES. END LIMITED OFFICIAL USE.

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## Message Attributes

Automatic Decaptioning: X Capture Date: 01 JAN 1994 Channel Indicators: n/a

**Current Classification: UNCLASSIFIED** 

Concepts: PRESS COMMENTS, ECONOMIC COOPERATION, COMMUNIQUES, JOINT VENTURES

Control Number: n/a Copy: SINGLE Draft Date: 16 NOV 1976 Decaption Date: 01 JAN 1960 Decaption Note: Disposition Action: RELEASED Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004

Disposition Event:
Disposition History: n/a Disposition Reason: **Disposition Remarks:** 

Document Number: 1976MOSCOW18013 Document Source: CORE

**Document Unique ID: 00** 

Drafter: n/a Enclosure: n/a Executive Order: N/A Errors: N/A

Film Number: D760428-0155 From: MOSCOW JOINT Handling Restrictions: n/a Image Path:

Legacy Key: link1976/newtext/t19761142/aaaabkkz.tel Line Count: 136 Locator: TEXT ON-LINE, ON MICROFILM

Office: ACTION EUR

Original Classification: LIMITED OFFICIAL USE Original Handling Restrictions: n/a

Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 3

Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE

Previous Handling Restrictions: n/a

Reference: n/a

Review Action: RELEASED, APPROVED Review Authority: GolinoFR

Review Comment: n/a Review Content Flags: Review Date: 13 APR 2004

**Review Event:** 

Review Exemptions: n/a
Review History: RELEASED <13 APR 2004 by CollinP0>; APPROVED <14 APR 2004 by GolinoFR>

**Review Markings:** 

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MÁY 2006

**Review Media Identifier:** Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN Status: NATIVE

Subject: ECONOMIC TOPICS: SOVIET-POLISH JOINT COMMUNIQUE SUMMARY. BEGIN UNCLASSIFIED. SIGNIFICANT PORTION OF SOVIET-

POLÍSH GIEREK'S VISIT WAS DEVOTED TO ECON OMIC SUBJECTS. A

TAGS: ETRD, ECIN, UR, PL, COMECON

To: STATE

Type: TE

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006